

**Assembly Bill No. 5**

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Passed the Assembly February 15, 2009

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*Chief Clerk of the Assembly*

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Passed the Senate February 14, 2009

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2009, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 5845, 5846, 5847, and 14154 of, and to add Sections 14131.10 and 14166.225 to, the Welfare and Institutions Code, relating to health, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

AB 5, Evans. Health.

Existing law, the Bronzan-McCorquodale Act, contains provisions governing the operation and financing of community mental health services for the mentally disordered in every county through locally administered and locally controlled community mental health programs. Existing law, the Mental Health Services Act, an initiative measure enacted by the voters as Proposition 63, establishes the Mental Health Services Fund to fund various county mental health programs. The act may be amended only by a 2 /3 vote of both houses of the Legislature and only so long as the amendment is consistent with and furthers the intent of the act. Provisions that clarify procedures and terms of the act may be added by majority vote.

Existing law establishes the Mental Health Services Oversight and Accountability Commission, comprised of specified members, to oversee various programs and provisions of law relating to mental health.

The bill would provide that the commission shall administer its operations under the act separate and apart from the State Department of Mental Health.

Existing law requires each county mental health program to prepare and submit a 3 year plan to be updated at least annually and approved by the department after review and comment by the commission. Existing law requires the department to evaluate each proposed expenditure plan and determine, among other things, the extent to which each county has the capacity to serve the number of child, adults, and seniors proposed in the plan.

This bill would require the department to approve, deny, or request information on a county expenditure plan or update no later than 60 days upon receipt. The bill would provide that the

department shall only evaluate those programs in a county expenditure plan or update that have not previously been approved or that have previously identified problems that have been conveyed to the county.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Care Services, under which qualified low-income persons are provided with health care services. The Medi-Cal program is partially governed and funded by federal Medicaid program provisions.

This bill would provide, except as specified, and to the extent permitted by federal law, that certain optional Medi-Cal benefits, including, among others, certain adult dental services, acupuncture services, and audiology and speech therapy services, are excluded from coverage under the Medi-Cal program. This bill would provide that these provisions shall be implemented on the first day of the month following 90 days after this bill becomes effective. The bill would provide that, upon a prescribed notification from the Director of Finance to the Joint Legislative Budget Committee, the above provisions shall become inoperative.

Existing law requires the department to establish and maintain a plan, known as the County Administrative Cost Control Plan, for the purpose of effectively controlling costs related to the county administration of the determination of eligibility for benefits under the Medi-Cal program within the amounts annually appropriated for that administration. Under existing law, the Legislature finds and declares that linking appropriate funding for county Medi-Cal administrative operations, including annual cost-of-doing-business adjustments, with performance standards will give counties the incentive to meet the performance standards and enable them to continue to do the work they do on behalf of the state. Existing law provides that it is the intent of the Legislature to not appropriate funds for the cost-of-doing-business adjustment for the 2008–09 fiscal year.

This bill would additionally provide that it is the intent of the Legislature to not appropriate funds for the cost-of-doing-business adjustment for the 2009–10 fiscal year.

Existing law establishes the Medi-Cal Hospital/Uninsured Care Demonstration Project Act, which revises hospital reimbursement methodologies under the Medi-Cal program in order to maximize the use of federal funds consistent with federal Medicaid law and

stabilize the distribution of funding for hospitals that provide care to Medi-Cal beneficiaries and uninsured patients. This demonstration project provides for funding, in supplementation of Medi-Cal reimbursement, to various hospitals, including designated public hospitals, nondesignated public hospitals, and private hospitals, as defined in accordance with certain provisions relating to disproportionate share hospitals.

This bill would require that certain payments made to designated public hospitals and to the South Los Angeles Medical Services Preservation Fund for services rendered on or after the first day of the month following 90 days after the effective date of the bill, be reduced by 10%, but that in no event shall the total amount of the reduction exceed \$54,200,000. The bill would provide that, upon a prescribed notification from the Director of Finance to the Joint Legislative Budget Committee, the above provisions shall become inoperative.

Under existing law, the State Department of Developmental Services contracts with private nonprofit regional centers to provide services and supports to persons with developmental disabilities.

This bill would require the department to submit a plan to the Legislature by April 1, 2009, as part of the Governor's Finance Letter process, that shall identify specific cost containment measures to achieve up to \$100,000,000 in General Fund reductions for the 2009–10 fiscal year. The bill would provide that in the event that statutory changes are not enacted by September 1, 2009, to achieve a General Fund reduction of \$100,000,000, as referenced above, the State Department of Developmental Services shall direct regional centers to reduce all payments for services and supports paid from purchase of services funds for services delivered on or after September 1, 2009, by 7.1%, except as specified. The bill would provide that the 7.1% shall, in subsequent fiscal years, be adjusted to ensure a General Fund reduction of \$100,000,000 for that fiscal year.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.

This bill would declare that it is to take effect immediately as an urgency statute.

*The people of the State of California do enact as follows:*

SEC. 3. Section 5845 of the Welfare and Institutions Code is amended to read:

5845. (a) The Mental Health Services Oversight and Accountability Commission is hereby established to oversee Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act; Part 3.1 (commencing with Section 5820), Human Resources, Education, and Training Programs; Part 3.2 (commencing with Section 5830), Innovative Programs; Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs; and Part 4 (commencing with Section 5850), the Children's Mental Health Services Act. The commission shall replace the advisory committee established pursuant to Section 5814. The commission shall consist of 16 voting members as follows:

- (1) The Attorney General or his or her designee.
- (2) The Superintendent of Public Instruction or his or her designee.
- (3) The Chairperson of the Senate Health and Human Services Committee or another member of the Senate selected by the President pro Tempore of the Senate.
- (4) The Chairperson of the Assembly Health Committee or another member of the Assembly selected by the Speaker of the Assembly.
- (5) Two persons with a severe mental illness, a family member of an adult or senior with a severe mental illness, a family member of a child who has or has had a severe mental illness, a physician specializing in alcohol and drug treatment, a mental health professional, a county sheriff, a superintendent of a school district, a representative of a labor organization, a representative of an employer with less than 500 employees and a representative of an employer with more than 500 employees, and a representative of a health care services plan or insurer, all appointed by the

Governor. In making appointments, the Governor shall seek individuals who have had personal or family experience with mental illness.

(b) Members shall serve without compensation, but shall be reimbursed for all actual and necessary expenses incurred in the performance of their duties.

(c) The term of each member shall be three years, to be staggered so that approximately one-third of the appointments expire in each year.

(d) In carrying out its duties and responsibilities, the commission may do all of the following:

(1) Meet at least once each quarter at any time and location convenient to the public as it may deem appropriate. All meetings of the commission shall be open to the public.

(2) Within the limit of funds allocated for these purposes, pursuant to the laws and regulations governing state civil service, employ staff, including any clerical, legal, and technical assistance as may appear necessary. The commission shall administer its operations separate and apart from the State Department of Mental Health.

(3) Establish technical advisory committees such as a committee of consumers and family members.

(4) Employ all other appropriate strategies necessary or convenient to enable it to fully and adequately perform its duties and exercise the powers expressly granted, notwithstanding any authority expressly granted to any officer or employee of state government.

(5) Enter into contracts.

(6) Obtain data and information from the State Department of Mental Health, or other state or local entities that receive Mental Health Services Act funds, for the commission to utilize in its oversight, review, and evaluation capacity regarding projects and programs supported with Mental Health Services Act funds.

(7) Participate in the joint state-county decisionmaking process, as contained in Section 4061, for training, technical assistance, and regulatory resources to meet the mission and goals of the state's mental health system.

(8) Develop strategies to overcome stigma and accomplish all other objectives of Part 3.2 (commencing with Section 5830), 3.6

(commencing with Section 5840), and the other provisions of the act establishing this commission.

(9) At any time, advise the Governor or the Legislature regarding actions the state may take to improve care and services for people with mental illness.

(10) If the commission identifies a critical issue related to the performance of a county mental health program, it may refer the issue to the State Department of Mental Health pursuant to Section 5655.

SEC. 4. Section 5846 of the Welfare and Institutions Code is amended to read:

5846. (a) The commission shall annually review and approve each county mental health program for expenditures pursuant to Part 3.2 (commencing with Section 5830), for innovative programs and Part 3.6 (commencing with Section 5840), for prevention and early intervention.

(b) The commission shall place a county expenditure plan for consideration on a meeting agenda no later than 60 days after receipt.

(c) The commission shall issue guidelines for expenditures pursuant to Part 3.2 (commencing with Section 5830), for innovative programs, and Part 3.6 (commencing with Section 5840), for prevention and early intervention, no later than 180 days before the fiscal year for which the funds will apply.

(d) The department may provide technical assistance to any county mental health plan as needed to address concerns or recommendations of the commission or when local programs could benefit from technical assistance for improvement of their plans submitted pursuant to Section 5847.

(e) The commission shall ensure that the perspective and participation of members and others suffering from severe mental illness and their family members is a significant factor in all of its decisions and recommendations.

SEC. 5. Section 5847 of the Welfare and Institutions Code is amended to read:

5847. Integrated Plans for Prevention, Innovation and System of Care Services.

(a) It is the intent of the Legislature to streamline the approval processes of the State Department of Mental Health and the Mental

Health Services Oversight and Accountability Commission of programs developed pursuant to Sections 5891 and 5892.

(b) Each county mental health program shall prepare and submit a three-year plan which shall be updated at least annually and approved by the department after review and comment by the Mental Health Services Oversight and Accountability Commission. The plan and update shall include all of the following:

(1) A program for prevention and early intervention in accordance with Part 3.6 (commencing with Section 5840).

(2) A program for services to children in accordance with Part 4 (commencing with Section 5850), to include a program pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9 or provide substantial evidence that it is not feasible to establish a wraparound program in that county.

(3) A program for services to adults and seniors in accordance with Part 3 (commencing with Section 5800).

(4) A program for innovations in accordance with Part 3.2 (commencing with Section 5830).

(5) A program for technological needs and capital facilities needed to provide services pursuant to Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850). All plans for proposed facilities with restrictive settings shall demonstrate that the needs of the people to be served cannot be met in a less restrictive or more integrated setting.

(6) Identification of shortages in personnel to provide services pursuant to the above programs and the additional assistance needed from the education and training programs established pursuant to Part 3.1 (commencing with Section 5820).

(7) Establishment and maintenance of a prudent reserve to ensure the county program will continue to be able to serve children, adults and seniors that it is currently serving pursuant to Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act, Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs, and Part 4 (commencing with Section 5850), the Children's Mental Health Services Act, during years in which revenues for the Mental Health Services Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index.



(c) The State Department of Mental Health shall not issue guidelines for the Integrated Plans for Prevention, Innovation and System of Care Services before January 1, 2012.

(d) The department's review and approval of the programs specified in paragraphs (1) and (4) of subdivision (b) shall be limited to ensuring the consistency of such programs with the other portions of the plan and providing review and comment to the Mental Health Services Oversight and Accountability Commission.

(e) The programs established pursuant to paragraphs (2) and (3) of subdivision (b) shall include services to address the needs of transition age youth ages 16 to 25.

(f) Each year the State Department of Mental Health, in consultation with the California Mental Health Directors Association, the Mental Health Services Oversight and Accountability Commission, and the Mental Health Planning Council, shall inform counties of the amounts of funds available for services to children pursuant to Part 4 (commencing with Section 5850), and to adults and seniors pursuant to Part 3 (commencing with Section 5800). Each county mental health program shall prepare expenditure plans pursuant to Part 3 (commencing with Section 5800), and Part 4 (commencing with Section 5850), and updates to the plans developed pursuant to this section. Each expenditure update shall indicate the number of children, adults and seniors to be served pursuant to Part 3 (commencing with Section 5800), and Part 4 (commencing with Section 5850), and the cost per person. The expenditure update shall include utilization of unspent funds allocated in the previous year and the proposed expenditure for the same purpose.

(g) (1) The department shall evaluate each proposed expenditure plan and determine the extent to which each county has the capacity to serve the proposed number of children, adults and seniors pursuant to Part 3 (commencing with Section 5800), and Part 4 (commencing with Section 5850); the extent to which there is an unmet need to serve that number of children, adults and seniors; and determine the amount of available funds; and provide each county with an allocation from the funds available. The department shall give greater weight for a county or a population which has been significantly underserved for several years. The department shall approve, deny, or request information on a county expenditure plan or update no later than 60 days upon receipt.

(2) The department shall only evaluate those programs in a county expenditure plan or update that have not previously been approved or that have previously identified problems which have been conveyed to the county. The department shall distribute the funds for renewal of the previously approved programs contained in the county expenditure plan or update prior to approval of the county expenditure plan or update.

(h) A county mental health program shall include an allocation of funds from a reserve established pursuant to paragraph (6) of subdivision (b) for services pursuant to paragraphs (2) and (3) of subdivision (b) in years in which the allocation of funds for services pursuant to subdivision (e) are not adequate to continue to serve the same number of individuals as the county had been serving in the previous fiscal year.

SEC. 7. Section 14131.10 is added to the Welfare and Institutions Code, to read:

14131.10. (a) Notwithstanding any other provision of this chapter, Chapter 8 (commencing with Section 14200), or Chapter 8.75 (commencing with Section 14590), in order to implement changes in the level of funding for health care services, specific optional benefits are excluded from coverage under the Medi-Cal program.

(b) (1) The following optional benefits are excluded from coverage under the Medi-Cal program:

- (A) Adult dental services, except as specified in paragraph (2).
- (B) Acupuncture services.
- (C) Audiology services and speech therapy services.
- (D) Chiropractic services.
- (E) Optometric and optician services, including services provided by a fabricating optical laboratory.
- (F) Podiatric services.
- (G) Psychology services.
- (H) Incontinence creams and washes.

(2) Medical and surgical services provided by a doctor of dental medicine or dental surgery, which, if provided by a physician, would be considered physician services, and which services may be provided by either a physician or a dentist in this state, are covered.

(3) Pregnancy-related services and services for the treatment of other conditions that might complicate the pregnancy are not excluded from coverage under this section.

(c) The optional benefit exclusions do not apply to either of the following:

(1) Beneficiaries under the Early and Periodic Screening Diagnosis and Treatment Program.

(2) Beneficiaries receiving long-term care in a nursing facility that is both:

(A) A skilled nursing facility or intermediate care facility as defined in subdivisions (c) and (d) of Section 1250 of the Health and Safety Code.

(B) Licensed pursuant to subdivision (k) of Section 1250 of the Health and Safety Code.

(d) This section shall only be implemented to the extent permitted by federal law.

(e) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement the provisions of this section by means of all-county letters, provider bulletins, or similar instructions, without taking further regulatory action.

(f) This section shall be implemented on the first day of the month following 90 days after the operative date of this section.

SEC. 8. Section 14154 of the Welfare and Institutions Code is amended to read:

14154. (a) The department shall establish and maintain a plan whereby costs for county administration of the determination of eligibility for benefits under this chapter will be effectively controlled within the amounts annually appropriated for that administration. The plan, to be known as the County Administrative Cost Control Plan, shall establish standards and performance criteria, including workload, productivity, and support services standards, to which counties shall adhere. The plan shall include standards for controlling eligibility determination costs that are incurred by performing eligibility determinations at county hospitals, or that are incurred due to the outstationing of any other eligibility function. Except as provided in Section 14154.15, reimbursement to a county for outstationed eligibility functions shall be based solely on productivity standards applied to that county's welfare department office. The plan shall be part of a

single state plan, jointly developed by the department and the State Department of Social Services, in conjunction with the counties, for administrative cost control for the California Work Opportunity and Responsibility to Kids (CalWORKs), Food Stamp, and Medical Assistance (Medi-Cal) programs. Allocations shall be made to each county and shall be limited by and determined based upon the County Administrative Cost Control Plan. In administering the plan to control county administrative costs, the department shall not allocate state funds to cover county cost overruns that result from county failure to meet requirements of the plan. The department and the State Department of Social Services shall budget, administer, and allocate state funds for county administration in a uniform and consistent manner.

(b) Nothing in this section, Section 15204.5, or Section 18906 shall be construed so as to limit the administrative or budgetary responsibilities of the department in a manner that would violate Section 14100.1, and thereby jeopardize federal financial participation under the Medi-Cal program.

(c) (1) The Legislature finds and declares that in order for counties to do the work that is expected of them, it is necessary that they receive adequate funding, including adjustments for reasonable annual cost-of-doing-business increases. The Legislature further finds and declares that linking appropriate funding for county Medi-Cal administrative operations, including annual cost-of-doing-business adjustments, with performance standards will give counties the incentive to meet the performance standards and enable them to continue to do the work they do on behalf of the state. It is therefore the Legislature's intent to provide appropriate funding to the counties for the effective administration of the Medi-Cal program at the local level to ensure that counties can reasonably meet the purposes of the performance measures as contained in this section.

(2) It is the intent of the Legislature to not appropriate funds for the cost-of-doing-business adjustment for the 2008–09 and 2009–10 fiscal years.

(d) The department is responsible for the Medi-Cal program in accordance with state and federal law. A county shall determine Medi-Cal eligibility in accordance with state and federal law. If in the course of its duties the department becomes aware of accuracy problems in any county, the department shall, within

available resources, provide training and technical assistance as appropriate. Nothing in this section shall be interpreted to eliminate any remedy otherwise available to the department to enforce accurate county administration of the program. In administering the Medi-Cal eligibility process, each county shall meet the following performance standards each fiscal year:

(1) Complete eligibility determinations as follows:

(A) Ninety percent of the general applications without applicant errors and are complete shall be completed within 45 days.

(B) Ninety percent of the applications for Medi-Cal based on disability shall be completed within 90 days, excluding delays by the state.

(2) (A) The department shall establish best-practice guidelines for expedited enrollment of newborns into the Medi-Cal program, preferably with the goal of enrolling newborns within 10 days after the county is informed of the birth. The department, in consultation with counties and other stakeholders, shall work to develop a process for expediting enrollment for all newborns, including those born to mothers receiving CalWORKs assistance.

(B) Upon the development and implementation of the best-practice guidelines and expedited processes, the department and the counties may develop an expedited enrollment timeframe for newborns that is separate from the standards for all other applications, to the extent that the timeframe is consistent with these guidelines and processes.

(C) Notwithstanding the rulemaking procedures of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement this section by means of all-county letters or similar instructions, without further regulatory action.

(3) Perform timely annual redeterminations, as follows:

(A) Ninety percent of the annual redetermination forms shall be mailed to the recipient by the anniversary date.

(B) Ninety percent of the annual redeterminations shall be completed within 60 days of the recipient's annual redetermination date for those redeterminations based on forms that are complete and have been returned to the county by the recipient in a timely manner.

(C) Ninety percent of those annual redeterminations where the redetermination form has not been returned to the county by the

recipient shall be completed by sending a notice of action to the recipient within 45 days after the date the form was due to the county.

(D) When a child is determined by the county to change from no share of cost to a share of cost and the child meets the eligibility criteria for the Healthy Families Program established under Section 12693.98 of the Insurance Code, the child shall be placed in the Medi-Cal-to-Healthy Families Bridge Benefits Program, and these cases shall be processed as follows:

(i) Ninety percent of the families of these children shall be sent a notice informing them of the Healthy Families Program within five working days from the determination of a share of cost.

(ii) Ninety percent of all annual redetermination forms for these children shall be sent to the Healthy Families Program within five working days from the determination of a share of cost if the parent has given consent to send this information to the Healthy Families Program.

(iii) Ninety percent of the families of these children placed in the Medi-Cal-to-Healthy Families Bridge Benefits Program who have not consented to sending the child's annual redetermination form to the Healthy Families Program shall be sent a request, within five working days of the determination of a share of cost, to consent to send the information to the Healthy Families Program.

(E) Subparagraph (D) shall not be implemented until 60 days after the Medi-Cal and Joint Medi-Cal and Healthy Families applications and the Medi-Cal redetermination forms are revised to allow the parent of a child to consent to forward the child's information to the Healthy Families Program.

(e) The department shall develop procedures in collaboration with the counties and stakeholder groups for determining county review cycles, sampling methodology and procedures, and data reporting.

(f) On January 1 of each year, each applicable county, as determined by the department, shall report to the department on the county's results in meeting the performance standards specified in this section. The report shall be subject to verification by the department. County reports shall be provided to the public upon written request.

(g) If the department finds that a county is not in compliance with one or more of the standards set forth in this section, the

county shall, within 60 days, submit a corrective action plan to the department for approval. The corrective action plan shall, at a minimum, include steps that the county shall take to improve its performance on the standard of standards with which the county is out of compliance. The plan shall establish interim benchmarks for improvement that shall be expected to be met by the county in order to avoid a sanction.

(h) (1) If a county does not meet the performance standards for completing eligibility determinations and redeterminations as specified in this section, the department may, at its sole discretion, reduce the allocation of funds to that county in the following year by 2 percent. Any funds so reduced may be restored by the department if, in the determination of the department, sufficient improvement has been made by the county in meeting the performance standards during the year for which the funds were reduced. If the county continues not to meet the performance standards, the department may reduce the allocation by an additional 2 percent for each year thereafter in which sufficient improvement has not been made to meet the performance standards.

(2) No reduction of the allocation of funds to a county shall be imposed pursuant to this subdivision for failure to meet performance standards during any period of time in which the cost-of-doing-business increase is suspended.

(i) The department shall develop procedures, in collaboration with the counties and stakeholders, for developing instructions for the performance standards established under subparagraph (D) of paragraph (3) of subdivision (c), no later than September 1, 2005.

(j) No later than September 1, 2005, the department shall issue a revised annual redetermination form to allow a parent to indicate parental consent to forward the annual redetermination form to the Healthy Families Program if the child is determined to have a share of cost.

(k) The department, in coordination with the Managed Risk Medical Insurance Board, shall streamline the method of providing the Healthy Families Program with information necessary to determine Healthy Families eligibility for a child who is receiving services under the Medi-Cal-to-Healthy Families Bridge Benefits Program.

SEC. 9. Section 14166.225 is added to the Welfare and Institutions Code, to read:

14166.225. (a) In order to implement changes in the level of funding for health care services, the director shall reduce safety net care pool payments as specified in this section.

(b) Notwithstanding the provisions of this article, safety net care pool payments made to the designated public hospitals and the South Los Angeles Medical Services Preservation Fund, for services rendered on or after the first day of the month following 90 days after the operative date of this section, shall be reduced by 10 percent, but in no event shall the total amount of the reduction exceed fifty-four million two-hundred thousand dollars (\$54,200,000).

(c) Notwithstanding Section 14166.22, the department shall increase federal claiming from the safety net care pool for the state-funded programs listed in subdivision (a) of Section 14166.22 above the amount necessary to maintain stabilization funding to private hospitals, nondesignated public hospitals, and distressed hospitals, by an amount equivalent to the reduction made pursuant to subdivision (b), but only to the extent that the state-only funded programs have sufficient costs available for the claiming of federal funds from the safety net care pool.

(d) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement this section by means of a provider bulletin, or other similar instruction, without taking regulatory action.

SEC. 10. (a) The State Department of Developmental Services shall submit a plan to the Legislature by April 1, 2009, as part of the Governor's Finance Letter process, that shall identify specific cost containment measures to achieve up to one hundred million dollars (\$100,000,000) in General Fund reductions for the 2009–10 fiscal year in Item 4300-101-0001 of Section 2.00 of the Budget Act of 2009. The plan may encompass proposals identified in the Controlling Regional Center Costs Report, as submitted to fulfill the requirements of Chapter 188 of the Statutes of 2007, and any other measures identified through a stakeholder process to be conducted by the department. The plan shall, at a minimum, include a comprehensive description of each proposal, any applicable comment from the department and stakeholders as deemed appropriate by the department, its General Fund savings, draft



statutory language necessary to implement each proposal, and its potential effect on the developmental services system.

(b) The stakeholder process shall include statewide organizations representing the interests of consumers, family members, service providers, and statewide advocacy organizations, as well as policy and fiscal staff of the Legislature. The department shall inform stakeholders of its process, including dates of meetings, as soon as possible.

(c) Any plan submitted by the department may be subsequently modified during the legislative review process. It is the intent of the Legislature to achieve a General Fund reduction of one hundred million dollars (\$100,000,000) in Item 4300-101-0001 of Section 2.00 of the Budget Act of 2009 for the 2009–10 fiscal year.

(d) In the event statutory changes are not enacted by September 1, 2009, to achieve a General Fund reduction of one hundred million dollars (\$100,000,000) in Item 4300-101-0001 of Section 2.00 of the Budget Act of 2009 for the 2009–10 fiscal year, as referenced above, the State Department of Developmental Services shall direct regional centers to reduce all payments for services and supports paid from purchase of services funds for services delivered on or after September 1, 2009, by 7.1 percent. To the extent that statutory changes are enacted at a later date to produce a portion of the one hundred million dollar (\$100,000,000) General Fund reduction amount, then the 7.1 percent reduction may be reduced accordingly.

(e) Regional centers shall not reduce payments for any of the following:

(1) Supported employment services with rates set by Section 4860 of the Welfare and Institutions Code.

(2) Services with “usual and customary” rates established pursuant to Section 57210 of Title 17 of the California Code of Regulations.

(3) Payments to offset reductions in Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits for consumers receiving supported and independent living services.

(f) In subsequent fiscal years, the percentage described in subdivision (d) shall be adjusted to ensure a General Fund reduction of one hundred million dollars (\$100,000,000) in Item 4300-101-0001 of the Budget Act for that fiscal year.

SEC. 11. The Legislature hereby finds and declares that the statutory changes in this bill are consistent with, and further the intent of, the Mental Health Services Act.

SEC. 12. Upon notification from the Director of Finance to the Joint Legislative Budget Committee pursuant to Section 99030 of the Government Code, Sections 7 and 9 of this act shall be inoperative.

SEC. 13. This act addresses the fiscal emergency declared by the Governor by proclamation on December 19, 2008, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

SEC. 14. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to address the current state fiscal crisis at the earliest possible time, it is necessary that this act go into immediate effect.





























Approved \_\_\_\_\_, 2009

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*Governor*